

Message Text

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ACTION AF-08

INFO OCT-01 ISO-00 CIAE-00 INR-07 NSAE-00 SSC-01 SP-02

USIA-06 AID-05 EB-08 NSC-05 TRSE-00 SS-15 STR-04

OMB-01 CEA-01 COME-00 EA-07 EUR-12 XMB-02 IO-13

/098 W

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P 041230Z APR 77

FM AMEMBASSY CONAKRY

TO SECSTATE WASHDC PRIORITY 2903

C O N F I D E N T I A L CONAKRY 0541

E.O. 11652: GDS

TAGS: PFOR PINR EMIN EINV GV US

SUBJECT: KABASSAN KEITA VISIT

1. SUMMARY: RECOMMEND ASSISTANT SECRETARY
SCHAUFLE RECEIVED MINMINES KEITA IN WASHINGTON IN
EARLY APRIL. THIS CABLE SUGGESTS TALKING POINTS AND
PROVIDES BIO. END SUMMARY.

2. MINISTER OF MINES KABASSAN KEITA EXPECTS TO
ARRIVE WASHINGTON ON OR ABOUT APRIL 8 FOR A VISIT OF
APPROXIMATELY TEN DAYS. MAIN PURPOSE IS CONSULTATION WITH IBRD
REGARDING BANK'S PROPOSAL TO SUPPLEMENT CBG'S \$15 MILLION
HOUSING AND WATER SUPPLY PROJECT FOR KAMSAR REGION WITH
\$6 MILLION ADDITIONAL LOAN. HE WILL ALSO DISCUSS WHAT
PROGRESS IBRD IS MAKING IN ITS DISCREET NEGOTIATIONS
TO BRING U.S. STEEL BACK INTO MIFERGUI-NIMBA CONSORTIUM.
KABASSAN PLANS TRIPS TO PITTSBURGH (HALCO/ALCOA) AND
VIRGIN ISLANDS (MARTIN MARIETTA) DURING VISIT.

3. RECOMMEND AMBASSADOR SCHAUFLE OR OTHER SENIOR OFFICIAL
RECEIVE KABASSAN. JUDGING FROM A RECENT MEETING WITH AMBASSADOR,
KABASSAN WILL PROBABLY MAKE STRONG
PITCH FOR U.S. GOVERNMENT SUPPORT IN PERSUADING
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AMERICAN CORPORATIONS TO INVEST IN GUINEAN MINERALS
DEVELOPMENT. HE CAN BE VERY ELOQUENT ON THIS THEME,
LAUDING THE WELL EARNED PREDOMINANCE OF U.S. IN WESTERN
FINANCIAL INSTITUTIONS AND NOTING THAT JAPANESE AND
WESTERN EUROPEAN FIRMS ALWAYS FOLLOW LEAD OF U.S. CORPORATE
GIANTS IN JOINING MINING CONSORTIUMS. AMBASSADOR RES-
PONDED TO KABASSAN BY NOTING THAT A) RESPONSIBLE GOG

POLICIES, CONTINUED SUCCESS OF CBG, AND GOOD FAITH COOPERATION BETWEEN GOG AND HALCO PARTNERS WOULD PROVIDE MAIN POSITIVE ARGUMENT TO OTHER PROSPECTIVE INVESTORS, B) NONDISCRIMINATORY TREATMENT OF ALL FOREIGN INVESTORS INCLUDING SOVIETS WOULD BE A KEY CONSIDERATION, C) AS KABASSAN KNEW, EMBASSY HAD PLAYED SUBSTANTIAL POSITIVE ROLE VIS-A-VIS KAISER AND D) IT WAS IMPORTANT TO REMEMBER THAT U.S. PRIVATE ENTERPRISE WAS INDEPENDENT OF USG AND MADE OWN DECISIONS IN INTERESTS OF SHAREHOLDERS. AMBASSADOR ALSO AGREED TO INFORM U.S. DIAMOND FIRMS OF GOG INTEREST IN ESTABLISHING JOINT VENTURE PROJECT.

4. RE POINT (B) ABOVE, KABASSAN REVIEWED ARDUOUS GOG NEGOTIATIONS WITH SOVIETS ON OBK AND ASSURED US THAT OBK ORE PRICE HAD BEEN INCREASED TO \$13.50 PER MT PLUS TAX OF APPROXIMATELY \$4 CALCULATED ON SAME BASIS AS CBG AND FRIGUIA. IT WAS IMPLICIT IN HIS PRESENTATION THAT SOVIETS WERE STILL DISPUTING THE APPLICABILITY OF THE TAX, BUT HE STATED FLATLY THAT GOG WOULD NOT YIELD ON THIS POINT AND WAS MAINTAINING ALL ACCOUNTS ON BASIS \$17.50 PRICE. HE ALSO SAID GUINEANS HAD MANAGED TO SEPARATE THE 50PERCENT OF PAYMENTS NOT DEVOTED TO AMORTIZATION AWAY FROM CLEARING ACCOUNT DEFICIT THUS MAKING IT AVAILABLE FOR RUBLE PURCHASES, ALTHOUGH THIS POINT WAS A BIT CLOUDY. HE ACKNOWLEDGED THAT UNLIKE CBG AND FRIGUIA SOVIET PAYMENTS WOULD NOT BE IN CONVERTIBLE CURRENCY ALTHOUGH THEY WERE OTHERWISE IDENTICAL (DETAILS REPORTED SEPARATELY).

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5. OTHER TOPICS WHICH COULD BE RAISED WITH KABASSAN:

- A) RECOMMEND THAT IN MEETING WITH KABASSAN (AND IN ALL OTHER HIGH LEVEL MEETINGS WITH GOG) U.S. SIDE REFER TO SOVIET TU-95 DEPLOYMENTS AND THE ISSUE OF "REAL" NON-ALIGNMENT.
- B) RECOMMEND U.S. SIDE CONGRATULATE KABASSAN ON SOLID CONTINUING PROGRESS OF CBG.
- C) SINCE KABASSAN LED GUINEAN DELEGATION TO COTONOU FOLLOWING "INVASION", U.S. SIDE MIGHT ASK HIS VIEWS ON THIS. HE WAS NOT FORTHCOMING WITH AMBASSADOR.
- D) YOU MIGHT ASK KABASSAN TO SUMMARIZE STATUS AND PLANNING OF EXPLOITATION GUINEAN MINERALS.

6. BIO: KABASSAN KEITA IS PROBABLY IN EARLY 40'S, HAD SEVEN YEARS MILITARY ENGINEERING STUDY IN USSR AND WAS LATER COMMANDING OFFICER OF GUINEAN NAVY. WORKED AS DEPUTY DIRECTOR AND CHIEF ENGINEER OF OFAB 1966 YO 1971, WHEN HE BECAME GOVERNOR OF BOKE AND THEN MINISTER OF RURAL DEVELOPMENT AT BOKE. NAMED

MINISTER OF MINES LATE 1976. HE HAS VISITED U.S.
SEVERAL TIMES AND PARTICIPATED IN NEGOTIATIONS WITH
IBRD DURING INCEPTION CBG. ARTICULATE, SHREWD,
ENERGETIC, HAS PLEASANT AND OPEN MANNER. APPEARS TO
HAVE REFRESHINGLY PRAGMATIC (AS OPPOSED TO IDEOLOGICAL)
APPROACH. SEEMS WELL DISPOSED TOWARD U.S. AND KEENLY
DESIROUS OF MORE U.S. INVESTMENT. HALCO DIRECTORS
RESPECT HIS COMPETENCE AND FEEL THEY CAN WORK WITH HIM.
WAS CRITICIZED AS POOR MANGER DURING OFAB DAYS.
SEEMS WELL CONNECTED IN INNER CIRCLE AROUND PRESIDENT
SEKOU TOURE, WHO DISPATCHED HIM AS SPECIAL REP TO
BENIN AFTER JANUARY 1977 MERCENARY ATTACK IN MARK OF
SPECIAL CONFIDENCE.
HARROP

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